



Multistate Tax Commission Memorandum

States Working Together Since 1967 . . . To Preserve Federalism and Tax Fairness

To: Executive Committee
From: Harold Jennings/Les Koenig
Date: 1/5/2005
Subject: MTC Sampling Procedures Manual

Before recommending adoption of the MTC Sampling Procedure Manual (manual) the Audit Program is taking the following steps.

The manual was developed with two goals in mind. First it would become the official MTC sampling procedure policy manual when conducting audits on behalf of its membership. Having such a manual would allow our audit staff, the States and taxpayers to have a clear understanding of what procedures the MTC would be employing when conducting samples which could be either non-statistical or statistically based. Our second goal was to encourage uniform sampling procedures among the states by using our manual as a basis for the development of their own sampling procedures.

The audit program has attempted to include sampling procedures that are widely accepted and statistically valid. The manual has had an informal review by three statistical sampling experts. The manual was also submitted to each of the states for their review. Based on this review and feedback some minor changes were made to the manual.

We feel there should be one more step in this process. The Audit Program will seek the advice of the MTC Audit Committee to determine if there should be a formal review of the policy by an outside expert in this field. This will be discussed at the March Audit Committee Meeting. It is anticipated that a recommendation may be made to MTC Executive Committee following the March meeting.